



Department of Energy
Washington, DC 20585

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MEMORANDUM TO: HEADS OF DEPARTMENTAL ELEMENTS

FROM: *for* JEFF T. H. PON *Claudia A. Cross*
CHEF HUMAN CAPITAL OFFICER

MICHAEL C. KANE *M. C. Kane*
ASSOCIATE ADMINISTRATOR
FOR MANAGEMENT AND ADMINISTRATION, NNSA

SUBJECT: Deferral of Performance Based Awards and Discretionary Pay Adjustments

Due to the terms of the Continuing Resolution (CR) that provides funding for the Department of Energy through November 17, 2006, and the uncertain funding situation for Fiscal Year 2007 the Secretary and the Department's senior leadership have decided to defer the payment of all performance-based awards and discretionary pay adjustments for all federal employees across the entire Department. This decision to delay performance based awards was a difficult one. However, the current CR expires in only a few days, and we do not know the level of funding that Congress will provide for the Department after that; the low levels of funding provided by the CR for certain Departmental offices could, if extended into the future, potentially result in reductions in force or furloughs.

The Secretary and the Department's senior leadership have decided that in the current circumstances, it would not be prudent to pay performance awards that could, in only a few weeks, place the very jobs of co-workers at risk. They also believe it would not be equitable to delay the payment of performance awards for employees in the many affected offices, while employees of other offices received their awards as if the Department was operating in a business as usual manner. The Secretary firmly believes that all employees should be treated equitably and fairly, and that in this particular situation, it is appropriate to have a **Department-wide** policy with respect to the deferral of performance-based awards and pay adjustments.

This deferral is effective immediately and will remain in place until the Secretary determines that the Department's FY 2007 funding situation has been sufficiently resolved so as to enable the payment of awards and pay adjustments.

The delay in paying performance awards and discretionary pay adjustments applies to all Department of Energy federal employees regardless of pay plan (GS, GM, WG, SES, SL, ST, EJ, EK, EN, etc.) and includes all monetary performance awards and bonuses, **time-off** awards, quality step increases, and pay adjustments based on performance. This



deferral does not apply to authorized within-grade increases or the statutory general pay increase typically effective in January (that pay increase does not apply to SES officials). The impact of this deferral on career ladder promotions remains at management's discretion within each organization.

We regret that we must delay the award payouts at this time. The appropriate Departmental officials are working hard to develop alternatives to mitigate or otherwise address the current funding problems. We hope the delay will not be lengthy, that **funding** issues will be resolved, and that awards and pay adjustments can be paid in the very near future. We will keep you informed of any change in our funding situation that would impact our ability to pay any or all of these discretionary awards and adjustments.